



VIGIL MECHANISM POLICY

PREAMBLE

This policy is formulated (a) to provide an opportunity and avenue to employees to raise concerns and to access in good faith the Audit Committee in case they observe unethical and improper practices or any other wrongful conduct in the Company, (b) to achieve the highest possible standards of ethical, moral and legal business conduct and meet the Company's commitment to open communication, and (c) to provide necessary safe guards for the protection of employees from reprisals or victimization and to prohibit managerial personnel from taking any adverse personnel action against those employees.

APPLICABILITY

This policy applies to all permanent employees and Directors and Senior Management Personnel of the Company.

POLICY

No adverse action shall be taken or recommended against an employee in retaliation to his disclosure in good faith of any unethical and improper practices or alleged wrongful conduct. This policy protects such employees from unfair termination and unfair prejudicial employment practices. However, this policy does not protect an employee from an adverse action which occurs independent of his disclosure of unethical and improper practice or alleged wrongful conduct, such as poor job performance and any other disciplinary action, etc. unrelated to a disclosure made pursuant to this policy.

DEFINITIONS

Adverse Personnel Action

An employment-related act or decision or a failure to take appropriate action by managerial personnel which may affect the employee's employment, including but not limited to compensation, increment, promotion, job location, job profile, immunities, leaves and training or other privileges.

Alleged Wrongful Conduct

Alleged Wrongful Conduct shall mean any violation of law, infringement of the Company's Code of Conduct or ethics policies, mismanagement, misappropriation of monies, actual or suspected fraud, substantial and specific danger to public health and safety or abuse of authority.

Audit Committee

Audit Committee means a Committee of Board of Directors of the Company, constituted in accordance with the provisions of Section 177 of the Companies Act, 2013 and Rule 6 & 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Master Circular on Corporate Governance (NBFC).

Company

Company means, “Shri Ram Finance Corporation Private Limited.”

Compliance Officer

Compliance Officer means, the “Company Secretary” of the Company.

Good Faith

An employee shall be deemed to be communicating in ‘good faith’ if there is a reasonable basis for the communication of unethical and improper practices or any other alleged wrongful conduct. Good Faith shall be deemed lacking when the employee does not have personal knowledge of a factual basis for the communication or where the employee knew or reasonably should have known that the communication about the alleged unethical and improper practices or alleged wrongful conduct is malicious, false or frivolous.

Managerial Personnel

Managerial Personnel shall include the Directors, Key Managerial Personnel and all Executives at the level of Manager and above, who have authority to make or materially influence significant personnel decisions.

Policy or This Policy

Policy or This Policy means, the “Vigil Mechanism Policy.”

Unethical and Improper Practices

Unethical and improper practices shall mean-

- An act which does not conform to the approved standard of social and professional behaviour;
- An act which leads to unethical business practices;
- Improper or unethical conduct;
- Breach of etiquette or morally offensive behaviour,
- Conduct which may lead to incorrect financial reporting;
- Conduct which is not in line with applicable company policy;
- Conduct which is unlawful et

Complainant

An employee of the Company who discloses in good faith any unethical & improper practices or alleged wrongful conduct to the Head of Department or in case it involves Managerial Personnel to the Managing Director/ Manager and in exceptional cases to the Audit Committee in writing. The Complainant’s role is as reporting party, he/she is not an investigator. Although the Complainant is not expected to prove the truth of an allegation, he needs to demonstrate to the Audit Committee, that there are sufficient grounds for concern;

INTERPRETATION

Terms that have not been defined in this Policy shall have the same meaning assigned to them in the Companies Act, 2013 and/or related Rules as amended from time to time.

GUIDELINES

Internal Policy & Protection under Policy

This Policy is an internal policy on disclosure by employees of any unethical and improper practices or wrongful conduct and access to the Head of Department or in case it involves Senior Managerial Personnel access to the Managing Director/ Manager and in exceptional cases access to Audit Committee of Directors constituted by the Board. This Policy prohibits the Company from taking any adverse personnel action against its employees for disclosing in good faith any unethical and improper practices or alleged wrongful conduct to the Head of Department or to the Managing Director/ Manager or to the Audit Committee. Any employee against whom any adverse personnel action has been taken due to his disclosure of information under this Policy may approach the Audit Committee.

Safeguards

Harassment or Victimization:

Harassment or victimization of the complainant will not be tolerated and could constitute sufficient grounds for dismissal of the concerned employee.

Confidentiality:

Confidentiality of the complainant shall be maintained to the greatest extent possible. Every effort will be made to protect the complainant's identity, subject to legal constraints.

Anonymous Allegations:

Complainants must put their names to allegations as follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously SHALL NOT BE usually investigated BUT subject to the seriousness of the issue raised the Audit Committee can initiate an investigation independently.

Malicious Allegations:

Malicious allegations by employees may result in disciplinary action.

False Allegation & Legitimate Employment Action

An employee who knowingly makes false allegations of unethical and improper practices or alleged wrongful conduct to the Audit Committee shall be subject to disciplinary action, up to and including termination of employment, in accordance with Company rules, policies and procedures. Further,

this Policy may not be used as a defence by an employee against whom an adverse personnel action has been taken independent of any disclosure of information by him and for legitimate reasons or cause under Company rules and policies.

Disclosure

An employee who observes or notices any unethical and improper practices or alleged wrongful conduct in the Company may report the same to the Head of Department or in case it involves Managerial Personnel to the Managing Director/ Manager and in exceptional cases to Audit Committee through e-mail addressed: *Compliance@srfcnbfc.com*

Accountabilities- Employees

- Bring to the early attention of the Company any improper practice they become aware of. Although they are not required to provide proof, they must have sufficient cause for concern
- Avoid anonymity when raising a concern
- Co-operate with investigating authorities, maintaining full confidentiality
- The intent of the Policy is to bring genuine and serious issues to the fore and it is not intended for petty complaint Malicious allegations by employees may attract disciplinary action.
- A complainant has the right to protection from retaliation but this does not extend to immunity for complicity in the matters that are the subject of the allegations and investigation.
- In exceptional cases, where the complainant is not satisfied with the outcome of the investigation carried out by the Ombudsperson, she/he can make a direct appeal to the Chairman of the Audit Committee.

Accountabilities – Head of Department/ Managing Director/ Manager/ Audit Committee

- Conduct the enquiry in a fair, unbiased manner.
- Ensure complete fact-finding
- Maintain strict confidentiality.
- Decide on the outcome of the investigation, whether an improper practice has been committed and if so by whom.
- Recommend an appropriate course of action- suggested disciplinary action, including dismissal, and preventive measure
- Minute Committee deliberations and document the final report

Procedures

The whistle blowing procedure is intended to be used for **serious and sensitive issues** Employees with serious concerns relating to financial reporting, unethical and improper practices or alleged wrongful conduct should make a disclosure to the Head of Department or in case it involves Managerial Personnel to the Managing Director/ Manager and in exceptional cases to the Audit Committee as soon as possible but not later than 45 consecutive calendar days after becoming aware of the same. The Departmental Head shall immediately forward a Vigil Mechanism Report to the Managing Director/ Manager of the Company. The Managing Director/ Manager may inquire in respect of the Vigil Mechanism Report and after preliminary inquiry, if required, shall report the same to the Audit Committee.

The Audit Committee shall appropriately and expeditiously investigate all vigil mechanism reports received. In this regard, the Audit Committee, if the circumstances so suggest, may appoint a senior

executive or a committee of managerial personnel to investigate the matter and prescribe the scope and time limit therefore.

The Audit Committee shall have right to outline detailed procedures for an investigation. Where the Audit Committee has designated a senior executive or a committee of managerial personnel for investigation, they shall mandatorily adhere to the scope and procedure outlined by Audit Committee for investigation.

The Audit Committee or officer or committee of managerial personnel, as the case may be, shall have right to call for any information/document and examination of any employee of the Company or other person(s), as they may deem appropriate for the purpose of conducting an investigation under this policy.

A report shall be prepared after completion of the investigation and the Audit Committee shall consider the same. After considering the report, the Audit Committee shall determine the cause of the alleged Adverse Personnel action and may order an appropriate course of action, which may inter-alia, include:

- Order an injunction to restrain continuous violation of this Policy;
- Reinstate the employee to the same position or to an equivalent position;
- Order compensation for lost wages, remuneration or any other benefits, etc
- Take disciplinary action, including dismissal, if applicable, as well as preventive measures for the future.

Subject to legal constraints, a reporting employee will receive information about the outcome of any investigations. All discussions will be minute and the final report prepared. The decision of the Audit Committee shall be final and binding. If and when the Audit Committee is satisfied that the alleged unethical and improper practice or wrongful conduct existed or is in existence, then the Audit Committee may-

- recommend to the Board to reprimand, take disciplinary action, impose penalty/punishment order recovery when any alleged unethical & improper practice or wrongful conduct of any employee is proved.
- recommend termination or suspension of any contract or arrangement or transaction vitiated by such unethical and improper practice or wrongful conduct

Notification

All departmental heads are required to notify and communicate the existence and contents of this policy to the employees of their department. The new employees shall be informed about the policy by the Personnel department and statement in this regard should be periodically submitted to the Compliance Officer. This Policy as amended from time to time shall be made available at the Website of the Company.

Annual Affirmation

The Company shall annually affirm that it has not denied any personnel access to the Audit Committee and that it has provided protection to any complainant from adverse personnel action.